

# **FISCAL NOTE**

## **HB 3786**

February 13, 2008

**SUMMARY OF BILL:** Requires scrap metal dealers to register with the Department of Commerce and Insurance. Establishes uniform standards for the buying and selling of scrap metal. Violations are punishable as a Class A misdemeanor, as a Class E felony and through civil penalties.

### **ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – \$26,500/One-Time**  
**\$14,000/Biennially Beginning in Year 3**  
**Increase State Expenditures – \$12,500/One-Time**  
**\$7,000/Recurring**  
**\$2,300/Incarceration\***

**Increase Local Revenue – Not Significant**  
**Increase Local Expenditures – Not Significant**

#### Assumptions:

- Revenue will be collected from the issuance of a two-year registration. Revenue from initial registration fees will be collected in an amount to cover one-time start-up expenditures and recurring administrative costs associated with the registration program for the first two years. Beginning in the third year, revenue from fees will be collected biennially in an amount to cover recurring administrative costs associated with the registration program. Fees will be used to cover program costs only and will not cover the costs of incarceration. The collection of state revenue from civil penalties will be not significant.
- A recurring increase in state expenditures for the operational expenses of the registration program (\$7,000).
- A one-time increase in state expenditures for rulemaking hearings (\$7,500) and computer programming (\$5,000).
- One Class E felony conviction every three years with 0.3 years time served (109.58 days). The annualized time served per conviction is 36.16 days (0.33 number of annual convictions x 109.58 days served). According to the Department of Correction, the average operating cost per inmate per day for calendar year 2008 is \$62.78. The annualized cost per conviction is \$2,270.21 (0.33 x 109.58 x \$62.78).

- No significant incarceration cost increase will occur due to population growth in this period.
- There will not be a sufficient number of prosecutions for local governments to experience any significant increase in revenues or expenditures.

*\*Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/dpb